

Taunton Charter Trustees Charter Trustees

Financial Year 2020-21



Visit date: 25 June 2021

Year End Internal Audit Observations

Box B *This smaller authority met its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.*

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	The Charter Trustees do not maintain a formal set of Financial Regulations.	<i>It appears that the Trustees do not maintain a formal set of Financial Regulations</i>	The Charter Trustees should introduce a formal set of Financial Regulations. The Charter Trustees may wish to adopt the Model Financial Regulations published by NALC, a copy of which has been provided to the Clerk.	High	
2	The Charter Trustees has not formally appointed a Responsible Financial Officer (RFO)	<i>From a review of Minutes it is unclear whether the Trustees have formally appointed a Clerk/RFO.</i>	The Charter Trustees must formally appoint someone to act in the role of Responsible Financial Officer	High	

Box C *This smaller authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.*

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	It was not possible to obtain Minute reference of the Charter Trustees review of Risk	<i>From a review of Minutes it was not possible verify that the Charter Trustees have undertaken a review of Risk.</i>	The Charter Trustees must ensure that it Minutes a formal review of Risk on an annual basis. The Charter Trustees should consider what response it may give in respect of Assertion 5 of the Annual Governance Statement.	Non Compliance	

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Box D The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	From a review of the records it was not possible to determine when the Charter Trustees had formally approved the budget for the year.	<i>The Charter Trustees set the precept at a meeting held on 23rd January 2020. The Minutes of the meeting do not record the formal approval of a budget prior to setting the precept.</i>	The Charter Trustees, as a body, must ensure that it formally approves a budget, prior to setting the precept.	High	
2	The Charter Trustees has not formally minuted consideration of the points raised by the Internal Auditor in their report.	<i>The Charter Trustees did not appoint an Internal Auditor for 2019/20 - this was raised as an issue by the External Auditor.</i>	The Charter Trustees should consider what response it should give in respect of Assertion 6 of the Annual Governance Statement	High	
3	It was not possible to agree Year End trial balance to the Annual Return	<i>It was noted that the draft Accounting Statements for 2020-21 contain a number of errors. The comparative 2019-20 Box 7 (£0) number does not agree to the Box 3 value (£132,936) minus Box 6 (£63,500). As a consequence the Box 1 number for 2020-21 is also not correct.</i>	The Charter Trustees must review the draft Accounting Statements and ensure that they agree to the underlying accounting records.	High	
4	Charter Trustees has not reviewed the level of Reserves	<i>The draft accounting statements for 2020-21 state closing reserves of £8,676. Under Receipts and Payments this balance is not correct (the Charter Trustees do not have any cash balances). Under Income and Expenditure it appears that the Trustees Reserves should be stated as £78,112 (being the surplus from 2020 and 2021). Under either method of accounting the Box 7 value stated for 2021 is not correct.</i>	The Trustees to review the level of Reserves of the Charter Trust and agree them to the value stated in the Accounting Statements	Medium	

Box E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	VAT has not been promptly reclaimed	<p><i>As Charter Trustees is is not possible for the Trustees to recover VAT under the provisions of Section 33 of the VAT Act 1994.</i></p> <p><i>It was noted that in budget papers considered by the Trustees the cost of staffing support was stated at costs net of the VAT that is charged by the District Council which is an additional non-recoverable cost. As a consequence the actual costs of service provision by the District Council was significantly understated in comparison to the cost of directly employing staff.</i></p>	The Charter Trustees must ensure that the cost of non-recoverable VAT is considered when reviewing and approving items of expenditure.	High	

Box G Salaries to employees and allowances to members were paid in accordance with this smaller authority's approvals, and PAYE and NI requirements were properly applied.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	The Charter Trustees has not published the details of Members Allowances paid in accordance with Regulation 15 of Members Allowances Regulations 2003	<i>The Charter Trustees have paid allowances to the Mayor and the Deputy Mayor. It is not clear that the Trustees have published details of these allowances in accordance with the Members Allowances Regulations 2003</i>	The Charter Trustees MUST publish the details of Members Allowances paid in accordance with Regulation 15 of Members Allowances Regulations 2003	High	
2	The value stated in Box 4 could not be agreed to a schedule of Staff Costs	<i>The Charter Trustees do not employ any staff, admin support services are provided by the District Council, however the draft accounting statements for 2021 disclose a cost of £34,614 in Box 4 - Staff Costs. These costs should be included in Box 6 Other Costs.</i>	The Charter Trustees to review the value stated in Box 4 of the Annual Return and, if appropriate, amend it.	High	

Box H Asset and investments registers were complete and accurate and properly maintained.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	The Charter Trustees has not reviewed the asset register during the financial year.	<i>The draft Accounting Statements state a Fixed Assets value of £142,958 which, it is understood, relates to the value of Civic Regalia. From a review of Minutes it was not possible to verify that the Charter Trustees have carried out a physical verification of assets held during the year.</i>	The Charter Trustees should undertake a formal review of the asset register on an annual basis. Due to the value of the items held a physical verification of the assets should also be undertaken.	High	

Box I Periodic and year-end bank account reconciliations were properly carried out.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	A reconciliation was not available for each bank account.	<i>It is understood that the Trustees do not maintain a bank account and that all funds are held with the District Charter Trustees</i>	Charter Trustees to note that there is not currently a bank account in operation. The Trustees to consider whether a separate bank account should be established for the Charter Trustees.	High	
2	The year end bank reconciliation does not agree to Box 8 of the Accounting Statements	<i>The draft Accounting Statements for 2020-21 state a Box 8 bank balance of £,8,676 however it is understood that the Trustees do not have any bank account or cash balances.</i>	The Trustees to note that the Box 8 value stated for 2020-21 is not correct and should be stated at zero.	High	

Box J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.

No.	Audit Conclusion	Observation	Recommendation	Priority	Comments
1	The Charter Trustees do not report on an appropriate accounting basis	<i>It was noted that for 2019/20 the Charter Trustees reported on a Receipts and Payments basis where Box 7 Reserves must equal Box 8 Cash and Bank (there were no debtors and creditors recorded). This is permitted where income and expenditure is less the £200,000 per year.</i> <i>It was noted that the Trustees do not, in fact, maintain any bank account (see above) and under Receipts and Payments accounting the balance in Box 8 should be stated as Nil.</i> <i>Given that all the funds of the Trustees are, in fact, held by the District Council the use of Receipts and Payments accounting does not correctly reflect the financial position of the Trustees.</i>	The Trustees should review the method of accounting for statutory reporting purposes. As the Trustees surplus is currently held with the District Council, and the District Council is therefore a debtor to the Trustees, it would be more appropriate for the Trustees to report on an Income and Expenditure basis (this is also permitted).	High	
2	Year end balances on debtor accounts do not agree to subsequent receipts.	<i>It is understood that the Charter Trustees funds are all held with the District Council and these represent a debtor balance due to the Charter Trustees</i>	Charter Trustees to review year end debtor balances and obtain a confirmation of this balance from the District Council.	High	
3	It was not possible to agree the draft accounting statements to the draft values in the Annual Accounting Statements	<i>It was not possible to agree the draft Accounting Statements to the accounting records provided</i>	Charter Trustees to review the draft accounting statement values and agree them to the year end trial balance	High	